



No. H-250150
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

PETERSON INVESTMENT GROUP INC.

PETITIONER

AND:

1076255 B.C. LTD., LIGHTSTONE DEVELOPMENT LTD.,
1082463 B.C. LTD., 1218548 B.C. LTD., GOLD COAST
INDUSTRIES LTD., XIAO SONG ZHENG, XIZAO LI, YING
ZHENG YU, BLUESHORE LEASING LTD., GOULD LEASING
LTD., LI JIAN, BEI CHEN, QUING SU, JIDE LIU, 686912366
INVESTMENT LTD., LEI BUN LEUNG, XIAO LIAN ZHANG,
JOHNSON RUI LEUNG, JON KIT LEUNG, KAREN LEUNG,
SHUN FENG INVESTMENT LTD., LIWEI SUN, AND
12503343 B.C. LTD.

RESPONDENTS

APPLICATION RESPONSE

Application response of: Peterson Investment Group Inc. ("**Peterson**")

THIS IS A RESPONSE TO the Notice of Application of Liwei Sun and 1250334 B.C. Ltd. filed June 10, 2025.

The application respondent estimates that the application will take One Day.

PART 1 ORDERS CONSENTED TO

Peterson consents to the granting of the orders set out in the following paragraphs of Part 1 of the Notice of Application on the following terms: **NONE**.

PART 2 ORDERS OPPOSED

Peterson opposes the granting of the orders set out in the following paragraphs of Part 1 of the Notice of Application: **ALL**.

PART 3 ORDERS ON WHICH NO POSITION IS TAKEN

Peterson takes no position on the granting of the orders set out in the following paragraphs of Part 1 of the Notice of Application: **NONE**.

PART 4 FACTUAL BASIS

1. Peterson adopts the facts as set out in paragraphs 1-12 of Part 4 of the Application Response of FTI Consulting Canada, Inc (the “**Receiver**”).
2. Capitalized terms not otherwise defined herein have the same meaning ascribed to them in the Petition.

A. Context

3. The applicants, Liwei Sun and 12503343 B.C. Ltd. (together, the “**Applicant**”) assert claims as creditors against certain parties subject to receivership insolvency proceedings.
4. The Applicant seeks to depart from the single-proceeding model standard in insolvency matters by lifting the stay of proceeding to advance its own breach of contract action outside of the coordinated receivership proceedings.
5. Peterson opposes the application on the grounds that granting the relief sought would be inefficient, unnecessarily costly, and unfairly prejudicial to the interests of numerous other creditors who are in comparable or more disadvantageous positions.
6. Furthermore, Peterson supports the positions and arguments put forward by the Receiver in its Application Response.

B. Background

7. On February 13, 2025, Justice Fitzpatrick granted an order (the “**Receivership Order**”) under s. 243(1) of the *Bankruptcy and Insolvency Act* and s. 39 of the *Law and Equity Act*, appointing the Receiver as receiver and manager, without security, of the Property (as defined in the Receivership Order), effective February 24, 2025.
8. As is conventional, the Receivership Order included a stay of all proceedings against the Receiver or in respect of the Debtors or the Property (as defined in the Receivership Order) without consent of the Receiver or leave of this Court (the “**Stay**”).
9. The Receivership Order, including the Stay, was granted in response to the Borrower’s ongoing financial instability, project mismanagement, double dealings, and conduct that threatened the interests of secured creditors.
10. Among the reasons explicitly outlined in the Petition for which Peterson sought the appointment of the Receiver, and accordingly, the Stay are:
 - (a) the Borrower and its principals engaged in certain inappropriate dealings which included unauthorized financings, terminating pre-sales, and entering side deals with several potential purchasers;
 - (b) unbeknownst to Peterson and other secured creditors, certain parties who provided funds to the developer secured loans on title by purchase and sales agreements (“**PSAs**”) for certain units at lower than fair market value—some of which were subject to presales to third parties at loan origination;
 - (c) to accommodate unauthorized loan agreements that the Borrower entered into with third party lenders, some pre-sales to arm’s length purchasers at fair market value (which were in place at the time of Peterson’s loan origination) were terminated in favour of new purchasers;
 - (d) a purchaser of two retail units, who allegedly had already paid for its units in full, registered a CPL on title at the end of December, 2024, following the Borrower’s apparent failure to consummate the transaction;

- (e) the Applicant registered a CPL on title against all of the residential units in connection with the sale of units also subject to unauthorized mortgage charges;
 - (f) given the above, and many other longstanding double-dealings, Peterson had serious concerns about the legitimacy of any PSA.
11. On April 3, 2025, Associate Judge Robertson granted an order *nisi*, (the “**Order Nisi**”) declaring that the Mortgage is a charge on the Lands which ranks in priority to the interests in the Lands of, among others, the Applicants.
12. Peterson is the fulcrum secured creditor. The Receiver has assessed that secured creditors will likely not recover in full.

PART 5 LEGAL BASIS

A. Legal test and burden

1. In determining whether to lift a stay of proceedings in the context of a receivership, the Court must consider:
- (a) the totality of the circumstances; and
 - (b) the relative prejudice to both sides.
- Industrial Alliance Insurance and Financial Services Inc. v Wedgemount Power Limited Partnership*, 2018 BCSC 723, at para. 17 [**Industrial Alliance**];
- Ford Credit Canada Ltd. v. Welcome Ford Sales Ltd.*, 2010 ABQB 199 paras. 13-14.

2. The burden rests on the applicant to demonstrate that these factors support lifting the stay.
- Industrial Alliance*, at para. 18.

B. Relevant considerations

3. Courts may draw guidance from s. 69.4 of the *Bankruptcy and Insolvency Act* (the “**BIA**”) when considering whether to lift a stay.
- Alberta Energy Regulator v Lexin Resources Ltd.*, 2019 ABQB 23, at para 14 [**Alberta Energy**]

4. Section 69.4 permits the lift of a stay where:
- (a) that the creditor or person is likely to be materially prejudiced by the continued operation of those sections; or
 - (b) that it is equitable on other grounds to make such a declaration.

Bankruptcy and Insolvency Act, RSC 1985, c B-3, s 69.4.

5. To establish material prejudice, an applicant must show that it is being treated differently or in some way unfairly, or it would suffer worse harm than other creditors, if the stay were not lifted.

Alberta Energy Regulator v Lexin Resources Ltd., 2019 ABQB 23, at para 16;

Burke v Red Barn at Mattick's Ltd., 2019 BCSC 69, at para 10.

C. The Stay is not justified

6. The Applicant has not demonstrated any unique or heightened prejudice justifying lifting the Stay.
7. A stay of proceedings protects the integrity of the receivership and facilitates the “single-proceeding model,” which prevents a disorderly scramble by creditors to enforce their rights individually.

Century Services Inc. v. Canada (Attorney General), 2010 SCC 60, at para 22, citing Professor Wood in *Bankruptcy and Insolvency Law* [**Century Services**].

8. The single-proceeding model ensures efficiency and fairness by centralizing claims and avoiding duplicative or conflicting litigation.

Century Services, at para 22.

9. The Applicant's claim is precisely the type of dispute that the Stay is intended to prevent—it arises from the Borrower's broader mismanagement and contributes to the very multiplicity of proceedings the receivership process seeks to avoid.

Peace River Hydro Partners v. Petrowest Corp., 2022 SCC 41, at para 55;

Alberta (Attorney General) v. Moloney, 2015 SCC 51, at paras 33-34.

10. The CPL registered by the Applicant relates to units that are also encumbered by unauthorized mortgage charges.
11. These CLPs and the underlying contractual disputes were among the key facts put before the Court that prompted the Court's appointment of the Receiver.

Petition, at paras 25 and 30-33.

First affidavit of E. Carew-Gibson, made February 4, 2025, at para 38.

12. The Applicants are not alone in registering a CPL on title. Multiple parties, as a result of the Borrower's unauthorized and problematic conduct, are unfortunate unsecured creditors of the Borrowers.
13. Allowing the Applicant's claim to proceed outside the receivership would cause real prejudice to Peterson (and the broader group of creditors) forcing the Receiver to expend time and resources defending an individual action rather than pursuing a coordinated realization strategy.

D. The Applicant's argument falls flat

14. In any event, Applicant fails to put forward persuasive grounds to support lifting the stay.
15. The Applicant asserts that:
 - (a) its claim is for an unliquidated debt;
 - (b) its claim involves complex issues that cannot be resolved within the receivership;
 - (c) the dispute will require detailed factual findings, including assessment of credibility.
16. However, the underlying claim is a straightforward breach of contract dispute relating to a failed unit sale, which is suitable for a summary determination and can be readily quantified.
17. These matters are not so complex as to require separating adjudication outside of the receivership, nor do they warrant disrupting the single proceeding model that benefits all stakeholders.

PART 6 MATERIAL TO BE RELIED ON

1. First Report of the Receiver, dated July 4, 2025;
2. Affidavit #1 of L. Sun, made May 8, 2025;
3. Affidavit #1 of E. Carew, made February 4, 2025;
4. Notice and Statement of the Receiver (Form 87) dated March 4, 2025.

☒ The application respondent has filed in this proceeding a document that contains the application respondent's address for service.

☐ The application respondent has not filed in this proceeding a document that contains an address for service.

July 11, 2025

Dated



Signature of ☒ lawyer for application respondent
DLA Piper (Canada) LLP (Arad Mojtahedi)
Lawyer for Peterson Investment Group Inc.

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RESPONDENTS

APPLICATION RESPONSE

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